

**12 February 2016**

### **Roundtable discussion on EU-SA trade relations**

By Dr JL Purchase

Agbiz, together with Tutwa Consulting, hosted a Roundtable Discussion on EU-SA trade and economic relations on 9 February 2016. The discussion focused on the trajectory of the EU's trade policy over the past decade, and more specifically on how global, regional and domestic developments will shape EU trade and investment relations with South Africa in the future.

Dr Paul Vandoren, a previous EU-ambassador and now consultant on EU matters, in his keynote remarks emphasised the importance of strong dialogue between private sector and government on trade issues. He said a challenge for the EU is to bring its trade policy in line with world trade trends of liberalization, as well as to focus on deepening of trade relations rather than enlargement thereof. The EU remains the biggest single trade block in the world, with the single biggest consumer group by value. The single biggest challenge for both the EU and South Africa is economic growth, and trade liberalization through free trade agreements can add at least 2,2% to GDP.

There has been a move from multilateral to bilateral trade agreements, and the recently concluded Economic Partnership Agreement (EPA) for southern African countries, which includes South Africa, is such a regional agreement. The WTO in general, but specifically also the Doha Round of the WTO, has delivered very little of substance, with the Dispute Settlement Mechanism perhaps the exception. The Intellectual Property Rights issue between developed and developing countries within the WTO remains an issue of serious contention and disagreement. On current and future trends the EU would need to align itself with trade in services, rather than in goods, a challenge South Africa also increasingly faces. No dramatic trade policy changes are expected and the focus will be on concluding a number of free trade agreements and implementing these successfully. Of some concern are developments around the Transatlantic Trade and Investment Partnership (TTIP) that is a proposed

trade agreement between the EU and the USA with the aim of promoting trade and multilateral economic growth. The American government considers the TTIP a companion agreement to the Trans-Pacific Partnership (TPP). The agreement is still under ongoing negotiations and fairly controversial, especially on the issue of Geographical Indications (GI's). Its main three broad areas are: market access; specific regulation; and broader rules and principles and modes of co-operation. On investments, it was indicated that the unilateral Bilateral Investment Treaties (BIT's) recall by South Africa had dented investment confidence. There are questions around the Promotion and Protection of Investment Bill as it does not provide sufficient protection, and a new investment treaty between the EU and SA was strongly recommended. Much uncertainty remains around the possible exit of Britain (Brexit) from the EU. Should this happen, it will have repercussions on trade relations between SA and Britain, and this would need to be addressed urgently and soon. A strong plea was made to private sector and government to start planning the implementation of the EPA trade agreement, which should be ratified by both the EU Parliament and the South African government by October 2016. Of importance is also the establishment of a GI legal framework and infrastructure to deal with the over 100 GI's from South Africa.

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**ENQUIRIES**

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